

# **AF** Bank of American Fork

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Form Last Revised – August 9, 2006

Letter of Credit No

Date February 5, 2007

STATE OF UTAH  
UTAH DIVISION OF OIL, GAS AND MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Re Redmond Minerals, Inc , Redmond Minerals, DOGM M\039\002

Gentlemen and Ladies

1. Bank of American Fork ("Bank"), of Orem, Utah, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$258,100.00 in United States dollars (Two hundred fifty-eight thousand one hundred and 00/100 Dollars) effective immediately, on behalf of Redmond Minerals, Inc. ("Operator") for Redmond Minerals mining operation under Mine Permit No. M\039\002.

2. This letter of credit will expire the date upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Mountain time) on February 6, 2008 or (b) the date upon which sufficient documents are executed by the Division to release Redmond Minerals, Inc. from further liability for reclamation of the Redmond Minerals Mine, M\039\002 with notice to Bank by the Division accompanied by the original Letter of Credit with directions for termination

3. This Letter of Credit issued on February 5, 2007 will be automatically extended for successive periods of one year from the current or any future issuance date unless 90 days prior to the issuance date of the following year, the Bank gives notice to the Division by any courier service or by registered United States mail 'return receipt requested' that the Bank elects NOT to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. [redacted] delivered to the office of the Bank, 1280 South 800 East, Orem, Utah 84097. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate

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DIV. OF OIL, GAS & MINING

amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify. "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in the State of Utah are authorized or required by law to close.

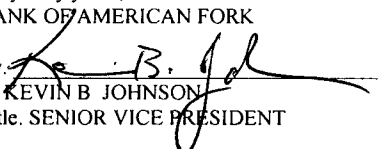
6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Bank 1280 South 800 East, Orem, Utah 84097, 801-642-3302, referencing Letter of Credit No.

9. In the event the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, the Division may, until the current expiration date of the Letter of Credit, draw under the Letter of Credit against its sight draft(s) in accordance with the provisions of Paragraph 4.

Very truly yours,  
BANK OF AMERICAN FORK

By:   
KEVIN B. JOHNSON  
Title: SENIOR VICE PRESIDENT